

Message Text

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ORIGIN STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01 SP-02 OMB-01

NSCE-00 SSO-00 USIE-00 INRE-00 STRE-00 AGRE-00 /094 R

DRAFTED BY STR:JGREENWALD:LPP
APPROVED BY EB/OT:WGBARRACLOUGH
COMMERCE:SCRAVEN
TREASURY:EGREENE
STR:CYEUTTER
LABOR:DWANNERMAKER(SUBS)
USDA:TCONWAY(SUBS)

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O R 162358Z SEP 76
FM SECSTATE WASHDC
TO USDEL MTN GENEVA IMMEDIATE
INFO AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: BRAZILIAN REFORM GROUP PROPOSAL - INSTRUCTIONS
FOR CONSULTATIONS PRIOR TO SEPTEMBER 23 SEVEN PLUS SEVEN
MEETING

1. THE TERMS OF REFERENCE AND SUPPLEMENTARY "UNDERSTANDING
PROPOSED BY THE BRAZILIANS FOR A FRAMEWORK IMPROVEMENT
GROUP AFFORD A GOOD BASIS FOR AGREEMENT TO ESTABLISH A
GROUP IF THE FOLLOWING MODIFICATIONS CAN BE MADE.

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2. THE MENTION IN THE BRAZILIAN FORMAL TERMS OF REFERENCE OF THE PARTICULAR INTERESTS OF DEVELOPING COUNTRIES SHOULD BE TRANSPOSED TO THE ACCOMPANYING UNDERSTANDING ON THE OPERATION OF THE GROUP. THE IMPORTANCE OF ADDRESSING, IN A REFORM CONTEXT, THE SPECIAL CONCERNS OF THE DEVELOPING COUNTRIES SHOULD BE TREATED IN THE SAME MANNER AS THE NEED TO COMPLETE THE WORK OF A GROUP WITHIN THE MTN TIME-FRAME OR THE NEED TO AVOID DUPLICATION OR REOPENING OF ISSUES TO BE ADDRESSED ELSEWHERE IN THE MTN. FURTHER, IN REFERRING TO IMPROVING THE FRAMEWORK FOR THE CONDUCT OF WORLD TRADE WITH RESPECT TO TRADE BETWEEN DEVELOPING AND DEVELOPED COUNTRIES, THE OBJECTIVE OF SUCH IMPROVEMENTS - TO PROVIDE FOR FULLER AND MORE MEANINGFUL PARTICIPATION OF THE LDCS IN THE TRADING SYSTEM - SHOULD BE MENTIONED.

3. THERE IS SOME CONCERN THAT PRESCRIBING THOSE ISSUES WHICH THE GROUP CONSIDER AT AN INITIAL STAGE OF THE NEGOTIATIONS LEAVES THE FUNCTIONS OF A GROUP AT A LATER STAGE TOO OPEN. AN ALTERNATIVE APPROACH COULD BE TO INDICATE THOSE ISSUES TO WHICH THE GROUP WILL GIVE "PRIORITY ATTENTION." THE SAME PROBLEM ARISES WITH RESPECT TO THE GROUP ESTABLISHING ITS OWN WORK PROGRAM.

4. WITH RESPECT TO THE SPECIFIC ISSUES SUGGESTED BY THE BRAZILIAN DELEGATION FOR REVIEW, THE DELEGATION SHOULD NOTE THE FOLLOWING POINTS.

- THE FIRST ISSUE SHOULD BE CAST NOT IN TERMS OF THE APPLICABILITY OF THE MFN CLAUSE IN TRADE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, BUT RATHER THE RELATIONSHIP OF SPECIAL AND DIFFERENTIAL AND PREFERENTIAL ARRANGEMENTS FOR AND AMONG DEVELOPING COUNTRIES TO THE EXISTING GATT RULES INCLUDING THE MOST-FAVORED-NATION PRINCIPLE. THE BRAZILIAN FORMULATION SEEMS TO IMPLY A WILLINGNESS TO THROW MFN OUT WINDOW. NEGOTIATIONS WHICH APPEAR BASED ON THIS PREMISE WOULD RAISE SERIOUS QUESTIONS WITH THE CONGRESS.

- THE BRAZILIAN PROPOSAL WITH RESPECT TO SAFEGUARDS SHOULD BE CAST IN TERMS OF ACTIONS UNDER ARTICLES XII AND LIMITED OFFICIAL USE

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XVIII. THIS ASSURES THAT THERE WILL BE NO DUPLICATION OF WORK IN THE SAFEGUARDS GROUP.

- THE ITEM ON CONSULTATION, DISPUTE SETTLEMENT AND SURVEILLANCE SHOULD REFER TO GATT ARTICLES XXII AND XXIII. THIS AVOIDS ANY PROBLEM WITH DUPLICATION OF DISPUTE SETTLEMENT EFFORTS UNDER THE CODES.

- DISCUSSION OF RECIPROCITY RAISES SERIOUS QUESTIONS ABOUT AN LDC EFFORT TO REOPEN THE STANDARD OF RECIPROCITY ESTABLISHED FOR THE MTN. THE U.S. HAS FUNDAMENTAL OBJECTIONS TO ANY SUCH EFFORT. IF DISCUSSION OF RECIPROCITY IN A REFORM CONTEXT IS NECESSARY, IT SHOULD BE LIMITED TO RECIPROCITY FOR PURPOSES OF FUTURE NEGOTIATIONS. ALSO, THERE SHOULD BE INCLUDED IN ANY SUCH TOPIC REFERENCE TO LDC RESPONSIBILITIES (ACCEPTANCE OF INCREASING OBLIGATIONS AS LDCS DEVELOP).

5. BELOW ARE DRAFT TERMS OF REFERENCE WHICH REFLECT THE U.S. INTERESTS MENTIONED IN PARAGRAPH 1. IN CONSULTATIONS DEL MAY DRAW ON LANGUAGE AS IT SEES FIT.

QTE IN LIGHT OF PARAGRAPHS 2, 5, 6 AND 9 OF THE TOKYO DECLARATION TO NEGOTIATE MUTUALLY AGREED IMPROVEMENTS IN THE FRAMEWORK FOR THE CONDUCT OF WORLD TRADE. UNQTE

THE GROUP, IN CARRYING OUT ITS WORK, SHALL NOT INTERFERE WITH OR DUPLICATE THE WORK OF OTHER GROUPS OF THE TNC, OR SEEK TO REOPEN ISSUES OR AGREEMENTS WHICH MAY BE REACHED IN OTHER GROUPS. IT SHOULD BE OPEN TO THE TNC TO BRING TO THE ATTENTION OF THE GROUP ANY ISSUE DIRECTLY RELEVANT TO THE GROUP'S TASK, IF THE TNC CONSIDERS THIS WOULD FACILITATE PROGRESS IN THE NEGOTIATIONS.

THE GROUP, IN PURSUING ITS PROGRAM OF WORK, SHALL PAY PARTICULAR ATTENTION TO THE FRAMEWORK FOR THE CONDUCT OF WORLD TRADE AS IT RELATES TO TRADE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, THE NEED TO ADOPT DIFFERENTIATED AND MORE FAVORABLE MEASURES IN SUCH TRADE, THE NEED TO ENCOURAGE MORE MEANINGFUL PARTICIPATION OF THE DEVELOPING COUNTRIES IN THE TRADING SYSTEM, AND THE OVERALL OBJECTIVE LIMITED OFFICIAL USE

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OF TRADE LIBERALIZATION. IN PURSUING ITS PROGRAM OF WORK, THE GROUP SHOULD BE GUIDED BY THE TIMETABLE FOR THE CONCLUSION OF THE MTN.

AS ITS FIRST PRIORITY, THE GROUP SHALL ADDRESS THE FOLLOWING ISSUES TO THE EXTENT THEY ARE NOT UNDER CONSIDERATION IN THE TNC GROUPS:

(A) THE RELATIONSHIP OF DIFFERENTIAL AND MORE FAVORABLE TREATMENT FOR DEVELOPING COUNTRIES BOTH IN TRADE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES AND AMONG DEVELOPING COUNTRIES TO THE EXISTING GATT RULES, INCLUDING THE MOST-FAVORED-NATION CLAUSE.

(B) THE USE OF TRADE MEASURES UNDER ARTICLES XII AND

XVIII OF THE GATT.

(C) CONSULTATION, DISPUTE SETTLEMENT AND SURVEILLANCE
PROCEDURES UNDER ARTICLES XXII AND XXIII OF THE GATT.

(D) THE APPLICATION, FOR PURPOSES OF FUTURE TRADE
NEGOTIATIONS OF THE PRINCIPLE OF RECIPROCITY IN TRADE
BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, AND THE
GRADUAL ASSUMPTION BY THE DEVELOPING COUNTRIES OF FULLER
OBLIGATIONS UNDER THE TRADING SYSTEM TAKING INTO ACCOUNT
THEIR DEVELOPMENT NEEDS.

(E) THE RULES AND PROCEDURES GOVERNING EXPORT RESTRICTIONS
DESIGNED TO LIMIT FOREIGN ACCESS TO SUPPLIES.

6. MTN SHOULD CONSULT WITH BOTH BRAZIL AND KEY DCS (AND
IF APPROPRIATE OTHER LDCS) PRIOR TO SEVEN PLUS SEVEN.
OBJECTIVES FOR CONSULTATIONS AND SEVEN PLUS SEVEN MEETIN
SHOULD BE TO NARROW DIFFERENCES OVER QUESTIONS OF A REFORM
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ACCEPTABLE TERMS OF REFERENCE. PREFERENCE WOULD BE FOR
CONSULTATIONS WITH BRAZILIANS AFTER DISCUSSIONS WITH
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TO BE FULLY RESOLVED AT THIS SEVEN PLUS SEVEN. HABIB
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INFO OCT-01 EUR-01 EA-01 ISO-00 /005 R

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DRAFTED BY: EB/OT/GCP:RLANDERS:JM
APPROVED BY: EB/OT/GCP:SAHMAD

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FM SECSTATE WASHDC
TO USMISSION EC BRUSSELS IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE
AMEMBASSY OTTAWA IMMEDIATE

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REF: STATE 244865

FOLLOWING REPEAT STATE 229728 ACTION MTN GENEVA INFO
BRASILIA 16 SEP 1976.

QUOTE LIMITED OFFICIAL USE STATE 229728

E.O. 11652: N/A

TAGS: ETRD, MTN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, MEETING AGENDA, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE229728
Document Source: CORE
Document Unique ID: 00
Drafter: JGREENWALD:LPP
Enclosure: n/a
Executive Order: N/A
Errors: I
Film Number: D760350-0324
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760951/aaaabsbs.tel
Line Count: 393
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by BoyleJA>; APPROVED <06 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRAZILIAN REFORM GROUP PROPOSAL - INSTRUCTIONS FOR CONSULTATIONS PRIOR TO SEPTEMBER 23 SEVEN PLUS SEVEN MEETING
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Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006